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# ASPECTS OF PUBLIC OWNERSHIP

BY SYDNEY BROOKS.

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## I.

THE past fifty years have witnessed in nearly all progressive and highly civilized countries, and in some also, such as Russia, that hardly warrant either adjective, a great and an increasing extension of the functions and activities of the State. It is the outstanding political characteristic of the times we live in, the fact by which our epoch may perhaps be chiefly remembered. Half a century ago the instinctive feeling of the average man was that the less there was of government the better. So long as the institutions under which he lived fulfilled with reasonable efficiency the rôle of a superior policeman and protected personal and property rights he was content. It was all, or almost all, he asked of them. He lacked what we should call to-day the larger civic consciousness; he had little conception of a *régime* powerful for positive as well as for negative ends, and of a community organized and using its collective strength and energy for purposes of constructive and universal beneficence; it hardly occurred to him to make of local or national administration an agency for the active promotion of the common welfare; he retained in something like its pristine freshness the robust pioneer spirit of individualism; and so far from welcoming, he resented and strongly opposed everything that smacked of official meddlesomeness. We are far removed from him to-day; he seems in our eyes a poor, stunted, almost inexplicable figure; we can hardly recapture even the most meager vision of the state of mind which led John Bright, for instance, to oppose the Factory Acts and the Southern members of Congress to resist the despatch of Federal assistance to the victims of a Texan flood. Nowadays the presumption is held to be all in favor of the State doing the things that our fathers and grand-

fathers either did not do at all or left to private initiative. At innumerable points of our social and industrial life we find the municipality, the State or County, or the nation obtruding itself with an assertiveness that, as compared with fifty years ago, marks nothing less than a revolution in the attitude of men toward the deeper problems of modern politics. It would be a fascinating venture to explore the various economic, moral and social forces that have brought about this revolution and to estimate the probabilities of its provoking a reaction. But here I am concerned with only one, though a very important, side of the general movement. The relations between the community, on the one hand, and the public utilities on the other; the effects of the entrance of the State into the industrial field as the owner and operator or lessor of undertakings previously under private control; the balance that has been and that should be established between the interests of the public and the monopolistic or quasi-monopolistic enterprises that exist to serve the public—these are matters that not only open up a wide and rich sphere of political inquiry, but that are to-day among the most vital problems confronting the practical statesman; and it is with these that I hope to deal.

Anybody venturing upon such an investigation finds himself obliged at the outset to make clear his fundamental point of view and to proclaim the particular "theory of State" in the light of which he proposes to grope his way. But in this matter I must confess to being in the extremely unfashionable plight of having no fundamental point of view, and no "theory of State" at all. I am not a Socialist who believes in the nationalization of all the means of production, distribution and exchange, and who, therefore, sympathizes as a matter of course with the public ownership of everything ownable. I am not an Individualist of the extreme school that believes in the superiority at all times and under all circumstances of private enterprise over the action of the State. What is more, I am profoundly sceptical of any attempt to solve political problems by constant reference to a set of absolute laws. One of the most common and preposterous fallacies of our times is to suppose that there are any political dogmas which are universally true or any political prescription which can be applied indiscriminately or any political machinery which does not depend for nine-tenths of its value upon the engineers and the

local conditions under which they work. We see this fallacy at work on all sides and in a hundred forms. We see men brandishing the formulæ and maxims and shibboleths of modern Occidental democracy without the ghost of a suspicion that what is good for Wisconsin may not be equally good for the Philippines, or that principles which work well enough in Great Britain may not be equally successful in India. We see, again, whole communities, with the United States in their van, dominated and demoralized by the superstition of the statute-book, persuading themselves that abuses, wrongs and shortcomings, whatever their nature, can all be remedied by some purely mechanical readjustment, some legislative expedient, some amendment of the external accessories of government. This faith in the universality of political notions that have derived whatever efficacy and validity they possess from the peculiar circumstances of special epochs or particular localities, and this confidence in the remedial virtues of mere machinery, seem to me to be the chief source of most of the loose philosophy and raw legislation that characterize our modern politics. They are delusions that ought to be fought and guarded against at all times. But in any dispassionate discussion of the manifold and intricate problems that are intertwined with the question of Public Ownership it is vital to exclude them. The type of mind which argues that because Glasgow has made a success in owning and operating the local service of street-cars, therefore Pittsburg or San Francisco would be equally successful and should at once follow in Glasgow's footsteps, is a type of mind that really ought not to be allowed to meddle with politics. It is fundamentally incapable of appreciating the fact that the forces which determine the success or failure of any and every political experiment are infinitely more local than general and more personal than mechanical.

The *credo*, then, which is the starting-point of these articles is that each case in which the question of Public Ownership is involved should be decided on its merits and without reference to any *a priori* views; that the ultimate test in every given instance is the test of Expediency—meaning by that the needs, the political character and conditions of the people immediately affected and the nature of the enterprise they are contemplating; that analogies drawn from the experiences of other towns or countries are in general

to be received not only with caution, but with suspicion; that Public Ownership in itself is neither an essentially good thing nor an essentially bad one; and that the more or the less of it argues nothing as to the happiness, prosperity or civilization of any particular community. This, I am aware, must seem an abjectly unphilosophical and negative creed to those who favor an extension of Public Ownership in the name of "freedom" and "equality of opportunity," and to those also who oppose it in the name of some abstract principle which they label Individualism. But it has at least the advantage of enabling one to study the whole question with detachment and with an exclusive desire to ascertain the facts. This is an attitude of mind not easily attained by those who regard the acquisition and operation of the local gas-works or electric-lighting plant by a municipality or of the railroads by a State as an inherent sign of either progress or retrogression. A very able English economist, Mr. J. A. Hobson, was recently defining the reforms to which English Liberalism should devote itself in order to secure for individuals a larger measure of liberty in the disposal of their lives. He argued that in the front of this charter of individual liberty came the right of every man to an equal share with every other in the use of the land and of the other natural resources of his native country, and that this right could only be made effective when private ownership in urban and large portions of rural land had gradually given place to public ownership. Again, the right to move unhindered from one spot to another was a necessary element of liberty, and the fulfilment of this right demanded the nationalization of the railroads. No man, once more, could be called really free in this age of trade unless he possessed cheap and reliable access to the sources of industrial energy; the State, therefore, should own and operate the supply of electricity and whatever other forms of mechanical power might be discovered. The use of capital on fair and equal terms was another essential of commercial liberty, and to secure it the State should take over the whole of the money-lending business from the pawn-shop up to the largest discount operations. Even so the individual would not be in full possession of freedom. To relieve him from his remaining disabilities, the State should annex the whole business of insurance, should convert the Bar into a public profession and shoulder all the

expenses of criminal and civil litigation, and should make education free from the primary school to the university. I do not propose to discuss these projects or the theory of society on which they are based, but merely to point out that to one holding such views Public Ownership must appear, not as a question standing by itself and fenced round by innumerable local considerations, but as a step toward a vast social transformation, as a device intrinsically praiseworthy and beneficent, to be judged accordingly less by its actual workings in practice than as part of a much wider policy or ideal. The defect of such an attitude is partly that it assumes too much—it takes for granted, for instance, that the local or national ownership and operation of the public utilities and services is better than their ownership and operation by private companies under the control and regulation of the community—and partly that it induces a disposition to conceal or deny the facts when municipal or State management results either in partial or total failure. In the same way the rigid Individualist, detecting in every expansion of the State's activities the cloven hoof of "Socialism," and holding to the principle that limited and properly safeguarded franchises to corporations are in all cases preferable to the direct intervention of the nation or the municipality in trading enterprises and that the State should only engage in such undertakings as are beyond the scope or the desire of private initiative, is much too apt to be committed to the most lugubrious view of Public Ownership and to ignore the fact that under certain conditions its advantages may be shown to outweigh its disadvantages. It seems, therefore, advisable, if one wishes to see things as they really are, not to deal too largely in abstractions or in rigid formularies of any kind, but to approach the general question as a subject more or less complete in itself and with the least possible intention of forcing one's examination of it to prove or disprove any particular body of doctrine.

There is another pitfall to be avoided. It lies in the assumption that the degree in which Public Ownership obtains in any community is a touchstone of that community's civilization. People have got into a hazy way of taking it for granted that the country in which the State arrogates to itself the most responsibility is necessarily healthier, more advanced and better organized for eliminating waste and

confusion, and for promoting the common welfare of its people, than a country which, in the main, is dominated by private enterprise. But in the first place one might object to this that the world has been experimenting for a long while, that industrial paternalism has been in and out of fashion a score of times, that the latest form of it which we are here considering has only won its popularity within the last half-century, and that, though the tendency of the times undoubtedly points to its yet greater expansion in the future, there is nothing as yet to make one quite positive that it will not produce an ultimate revulsion and take rank with the sumptuary laws and the laws against usury as a phase in the cyclical revolutions that form the history of government. And, in the second place, the appeal to fact severely discounts the theory that the extent to which Public Ownership exists is the measure of national progressiveness. The country in which the Government is almost as much an agency of trade as an organ of administration is Russia; but no one would on that account be inclined to place Russia at the head of civilized nations. In India, again, the Government not only owns and operates most of the railroads, but is a half-partner with the *ryot* in the land, the cultivator paying to the State what in Europe and America he pays to the landlord; but one cannot, therefore, call India particularly blessed or hold her up as an example for the Western world to follow. Germany is not more "advanced" than Great Britain because she owns her railroads while great Britain does not; nor is it a proof of the inferiority of the American governmental and industrial organization that the telegraphs and telephones should be managed by the State in England and left to private enterprise in the United States. The sooner, indeed, one abandons the idea that Public Ownership is a necessary part of the "world-march," that all who indulge in it are in the van of progress, and that all who hold aloof from it are laggards in the race of civilization, the sooner is one likely to arrive at a moderately sound estimate of its merits and drawbacks. A list of the utilities managed or of the trades carried on by a State, it cannot be affirmed too emphatically, is no criterion of its intelligence, or of its success in bettering the national lot, or of its standing in the scale of civilization; and those peoples who embark on a policy of nationalization and municipalization, in the vague notion that

by so doing they are responding to the call of progress, and without considering how far such a venture is likely to harmonize with their local conditions, are in reality no wiser than the countries that one after another, from about 1780 to 1870, copied or transplanted the British Constitution, not because they needed it or were qualified either by their past history or their present circumstances to work it as it should be worked, but simply because it was the fashion of the period and was supposed to be the last word in the science of government.

Is there, then, no universal test to which, in any given instance, the question of Public Ownership may be submitted? I have already suggested that I know of none except the test of Expediency. It was not the least shrewd of American statesmen who declared the Tariff to be a local issue. With a somewhat different signification, one may assert that Public Ownership is or should be a local issue. That is to say, it is an issue conditioned, first, by the special character, requirements, habits of mind and political experience and morality of the town or country in which it is raised; and, secondly, by the nature and extent of the particular undertaking that it is proposed to deal with. The case, for example, in favor of a municipality owning, constructing, and operating its sewerage system stands on a footing altogether different from, and very much stronger than, any case that could be urged in favor of its running a public bakery. In the one instance you have a complete monopoly rendering services of vital importance to the health of the community and presenting almost insuperable difficulties of inspection and the regulation of prices so long as it remains in private hands; and in the other instance you have a municipality directly competing in a business which private traders, under enforced sanitary supervision, have proved themselves perfectly competent to carry on to their own and the community's benefit. In the same way arguments that are sufficient to justify a municipality in controlling the streets or erecting slaughter-houses or maintaining markets and cemeteries do not necessarily warrant it in establishing municipal laundries, nursing-homes or theaters. There is nothing inconsistent, though a great many people cannot be got to see it, in advocating municipal water-works and resisting a municipal electric-lighting supply, any more than there is anything inconsis-



ent in approving Free Trade and a Monarchy in the special circumstances of England, and Protection and a Republic in the special circumstances of the United States. The point involved—namely, that the character of the particular enterprise in question is of vital moment in determining whether it should be inaugurated or taken over by the municipality or left in private hands—has so important a bearing on the general issue that it will be returned to and developed later on. Meantime it is enough to indicate it as entering very largely into the test of Expediency.

Another set of considerations that are even more relevant concern not so much the kind of undertaking that it is proposed to nationalize or municipalize as the kind of people who will have the management of it when it passes under public control—their political traditions and habits, their administrative experience and efficiency, their standards of official honesty, the whole environment and atmosphere in which they will be called upon to discharge their functions. Here, again, it is not possible to lay down any hard and fast rule. But at the same time, it is not merely possible and permissible, but vitally essential to insist that the differences between towns and countries in external circumstances, political formation and character, industrial instincts and administrative aptitudes, are just as great as between individuals, and that these differences profoundly affect the problems of Public Ownership and make it more than usually imperative to submit the argument from analogy to a merciless dissection. Local and national ownership and operation of the chief public services will be one thing in a country, like Germany, where the bureaucratic tradition is strong and individual initiative perceptibly weaker than collective initiative, and another thing in a country, such as the United States, where the best brains are to be looked for outside of the municipal, State and Federal Governments and where the unit has consistently shown itself immeasurably more enterprising and efficient than the group. The risks attendant on a programme of municipalization will be much less in England, where men of leisure, experience and first-rate business capacity are willing to serve on the City Council, than in a country where the sense of civic patriotism is at a low ebb, where local politics have fallen into the hands of professional grafters, and where official probity is under a constant cloud of suspicion. An

enterprise that is conducted successfully and with economy under a stable administrative system may break down altogether under a *régime* that favors a succession of officials on short or precarious tenures or that is exposed to the unremitting pressure of commercial or political interests. The area within which Public Ownership may safely be invoked by all municipalities in all lands is, in short, extremely small; and the far larger and more debatable area within which Public Ownership fails at one spot and succeeds at another is so broken up by the infinite variety of local conditions as almost to defy classification or description as a whole. That "one man's meat is another man's poison" is as true of the body politic as of the body physical; and neither for municipalities nor for nations can one lay down any but the narrowest and most austere regimen in the hope of finding it universally applicable and universally beneficial. Take, for instance, the question of the nationalization of the railroads. In Germany it is a realized project to which the people have adjusted themselves and become habituated. In Great Britain it is just entering the field of practical political discussion as an experiment fraught with tremendous hazards, but not to be dismissed as inconceivable. In the United States it cannot yet be said to have reached even that tentative stage; and the American people, as they showed when Mr. Bryan dropped a hint in that direction, would all but unanimously regard a proposal for the Federal ownership and operation of their railroads as a political and industrial revolution so stupendous as to be hardly worth debating. What useful purpose, under such circumstances, would be served by a disquisition on railroad nationalization that failed to take into account the varying standpoints, inclinations and conditions of the German, British and American peoples and to show that the problem, while superficially the same in all three countries, was fundamentally different, was looked at from different angles, occupied different degrees of importance, was embedded in different social, political and industrial strata, and that the only certain thing, therefore, that could be predicted, if it were treated in all three cases alike, would be the emergence of three totally different sets of consequences?

These observations for all their conspicuous triteness are none the less worth formulating, partly because they go near the root of the matter in so far as they insist on the

need of examining each question of Public Ownership on its merits and in the light of local conditions, and partly because their very obviousness causes the moral they convey to be constantly forgotten. Americans especially, having only recently begun to experiment with municipal ownership, are apt to fix their gaze on some "model city" in Europe and to exclaim, "Why cannot Cleveland or Chicago or New York be as Birmingham and Glasgow are?" Well, there are many answers to that too-familiar conundrum, and one of them may perhaps be found in a mere list of Glasgow's activities. The City Council supply the people of Glasgow with water, gas, electric light, cable and electric cars and telephones, in each case owning and operating the necessary plant. They control about a dozen public parks and galleries, as many bath and wash houses, a fruit and vegetable market, a dead-meat market, a home cattle-market, two foreign cattle-markets, a cheese-market, a bird and dog market, an old-clothes market, four slaughter-houses, four hospitals and a burial-ground. They are the owners of some three thousand municipal houses, some eighty lodging-houses, about ten of which they manage themselves; several hundred shops, warehouses and workshops; a dozen halls, two churches, two hotels, a theatre, a studio, a pawn-shop, a nursing-home, powder-mill, laundry and bake-house, a golf-course and a gospel tent. They farm over a thousand acres of land where large crops are grown, including all the hay used in the stables of the street-cleaning department as well as oats, wheat, turnips, etc.; they convert the city sewage into solid matter and sell it to the farmers for manure; they carry on business as market-gardeners; they possess stone-quarries and about one thousand railroad wagons; they build street-cars, reclaim bogs, conduct a civic granary, raise over five thousand dollars a year on the clinkers from the refuse-cremating furnaces, collect and sell waste-paper, and are not above melting and disposing of the solder from the old tin cans they find in the dust-heaps. Such umbrageous enterprises as these are clearly the product of highly specialized conditions, and to quote them as though they could flourish on any soil, as though they were a mere matter of machinery and legislation, is to miss altogether their essential secret. When any American city has evolved the political honesty and intelligence and the administrative stability that distinguish Glas-

gow, and has attracted to its service the same amount of self-sacrificing ability and experience, and has evaded the restrictions imposed upon the total of its indebtedness, and has also circumvented the American Constitution, it will be time enough to decide whether it should attempt to duplicate Glasgow's policy of municipalizing all the public utilities within reach.

This, of course, is not to assert that a municipality or a State before embracing Public Ownership will not do well to study the experience of other towns and other countries and will not find that experience of the highest value. It is simply to insist that in this, more perhaps than in most questions of politics and administration, the imponderabilia are of supreme and decisive moment and that Pittsburg, for instance, can only profit by the example of Glasgow, can only fully appreciate the guidance or the warning that Glasgow has to offer, if constant and ample allowance is made for the dissimilarity of local conditions, and if it is freely recognized that the same solution of what is apparently the same problem, may lead to very different results in the two cities. With this proviso kept always in mind an analysis of the workings of Public Ownership in Europe, and particularly in Great Britain, ought to be full of instruction as well as of interest to American investigators. England, especially, has found an answer of sorts—usually, it is true, of more than Delphic ambiguity—to almost every question propounded by the eruption of the local and national authorities into the industrial area; and it is mainly, therefore, on English experience that I shall draw in compiling these articles. The matters to be resolved may be summarized with comparative ease and brevity. We want to know the best method of regulating public utilities that are owned and operated by private corporations. We want to ascertain, if possible, some fairly broad and not too rigid principle that would help us to separate the services that ought to be taken over by the municipality or the State from those that might legitimately be left in private hands. We want, again, to strike an approximate balance between (1) Public Ownership combined with the lease of the undertaking to an unofficial corporation, (2) Public Ownership combined with public operation, and (3) private ownership and private operation under public control. Assuming that the advantage is found to lie with the system of Public Owner-

ship combined with public operation, we want, next, to discover how this system works—what are its financial effects in relieving taxation or in increasing local indebtedness, whether the services it supplies are of a better quality and lower in price than those which might be obtained from a properly regulated private company, what consequences result from the creation of a body of privileged workmen drawing higher pay from the public authority than they would receive from an ordinary employer, how far the expansion of State and municipal activities and the increase of State and municipal employment of labor affect the tone and character of politics and the interest of the people in their civic and national affairs, how far they react upon private enterprise and influence the flow of capital and the state of the labor-market, and what, finally, are the conditions, political, legal, administrative and “atmospheric,” that give to Public Ownership its best chance of success. All of these are points that need far more careful and dispassionate consideration than they usually receive from controversialists. To probe them thoroughly would require a volume in itself. All that I can hope for in these articles is to throw a hasty light upon such of their principal features as seem to bear most directly on American conditions.

SYDNEY BROOKS.